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FORM 10-Q

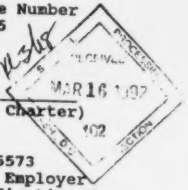
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

92-2248

ANNUAL REPORT UNDER SECTION 13 or 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For The fiscal year ended
January 31, 1992

Commission File Number
0-11825



MARTEL MICRO SYSTEMS, INC.
(Exact Name of Registrant as Specified in its Charter)

NEW YORK (State or Other Jurisdiction of Incorporation or Organization)	11-2515573 (I.R.S. Employer Identification No.)
30 Oser Avenue, Hauppauge, NY (Address of Principal Executive Offices)	11788 (Zip Code)
Registrant's Telephone Number, Including Area Code	(516) 371-6200

(Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days).

Yes XX No _____

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APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of issuer's classes of common stock, as of the lates

Common stock, $.00001 par value (Title of Class)	9,481,667 (Shares outstanding at (January 30, 1992)

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MARTEL MICRO SYSTEMS, INC.

(A Company in the Development Stage)

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MARTEL MICRO SYSTEMS, INC.
(A Development Stage Company)

CONDENSED BALANCE SHEETS

- ASSETS -

	January 31, 1992 (Unaudited)	October 31, 1991 (Audited)
CURRENT ASSETS:		
Cash	$ 687	$ 687
Merchandise Inventory	--	--
Total Current Assets	687	687
TOTAL ASSETS	$ 687	$ 687

- LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY) -

CURRENT LIABILITIES:		
Loans Payable (See Note 2)	$ 21,468	$ 21,468
Accounts Payable and Accrued Expenses (Note 2)	1,975	1,975
Total Current Liabilities	23,443	23,443
Redeemable Preferred Stock, $1 par; Authorized 175,000 shares; issued and outstanding 93,750 shares;	93,750	93,750
COMMON STOCK AND OTHER SHAREHOLDERS' EQUITY (DEFICIENCY): (Note 4)		
Common Stock, $.00001 par; Authorized 10,000,000 shares; issued and outstanding 9,481,667 on January 31, 1992 and on October 31, 1991	94	94
Additional Paid-In Capital	1,382,160	1,382,160
Deficit Accumulated During Development Stage	(1,498,760)	(1,498,760)
	(116,506)	(116,506)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	$ 687	$ 687

The accompanying Notes are an integral part of this Statement.

MARTEL MICRO SYSTEMS, INC.

(A Development Stage Company)

STATEMENT OF OPERATIONS
(Unaudited)

	FROM JUNE 18, 1979 (DATE OF INCORP.) TO January 31, 1992	THREE MONTHS ENDED January 31, 1992	1991
REVENUES			
Sales Income	29,287	$ --	$ --
Interest Income	111,816	--	--
Total Revenues	141,103	-0-	-0-
EXPENSES			
General & Administrative	1,416,572	--	--
Research & Development	200,000	--	--
Interest Expense	55,275	--	--
Total Expenses	1,671,847	-0-	-0-
EXTRAORDINARY ITEM: (Note 2)			
Settlement of Debt	31,994	--	--
NET INCOME (LOSS)	(1,498,760)	$ -0-	$ -0-
NET INCOME (LOSS) PER COMMON SHARE		$.000	$.000
Weighted Average Number of Common Shares Outstanding During the Period		9,481,667	9,481,667

The accompanying Notes are an integral part of this Statement.

HARTEL MICRO SYSTEMS, INC.
(A Development Stage Company)

STATEMENT OF REDEEMABLE PREFERRED STOCK, COMMON STOCK AND OTHER SHAREHOLDERS' EQUITY
JUNE 18, 1979 (DATE OF INCORPORATION) TO January 31, 1992

	Preferred stock subject to Mandatory Redemption	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Deficit Accumulated during Development Stage	Total Common Stock and other Shareholder's Equity
Balance, November 1, 1980 from date of incorporation		3,535,932	$35	$ 3,932	($ 4,347)	($ 380)
Capital contribution				2,560		2,560
Net loss for year					(51,381)	(51,381)
Balance, October 31,1981		3,535,932	35	6,492	(55,728)	(49,201)
Donation of shares by principal shareholder		(617,937)	(6)	(4)		(10)
Shares sold		635,617	6	49		55
Capital contribution				3,473		3,473
Net loss for year					(56,676)	(56,676)
Balance, October 31, 1982		3,553,612	35	10,010	(112,404)	(102,359)
Donation of shares by principle shareholder		(71,570)	(1)			(1)
Shares sold		71,570	1	100		101
Stock split		113,055	1	(1)		
Capital contribution				10		10
Issuance of redeemable preferred stock	$125,000					
Net loss for year					(66,885)	(66,885)
Balance, October 31, 1983	125,000	3,666,667	36	10,119	(179,289)	(169,134)
Issuance of common shares		3,000,000	30	1,243,641		1,243,671
Net loss for year					(501,941)	(501,941)
Balance, October 31, 1984	125,000	6,666,667	66	1,253,760	(681,230)	572,596
Issuance of common shares		100,000	1	12,619		12,620
Payment of dividend - Preferred Stock				(11,250)		(11,250)
Redemption of Preferred Stock	(31,250)					
Net loss for year					(580,200)	(580,200)
Balance, October 31, 1985	93,750	6,766,667	67	1,255,129	(1,261,430)	(6,234)
Surrender of Common Stock		(110,000)	(1)	(12,999)		(12,974)
Issuance of Common Stock		2,825,000	28	140,030		140,030
					(247,430)	(247,430)

MARTEL MICRO SYSTEMS, INC.
(A Development Stage Company)

STATEMENTS OF CHANGES IN FINANCIAL POSITION

	June 18, 1979 (date of incorporation to) January 31, 1992	Three Months Ended January 31, 1992	1991
Financial resources were provided by:			
Net loss and working capital used in operations	$(1,498,760)	$ -	$ -
Loans	15,525	-	-
Net proceeds from sale of common shares	1,393,504	-	-
Issuance of preferred stock	125,000	-	-
Note Receivable	-	-	-
Other Assets	-	-	-
	35,269	-	-
Financial resources were used for:			
Redemption of preferred stock	31,250	-	-
Dividend payment-preferred stock	11,250	-	-
	42,500		
Increase (Decrease) in working capital:	$(7,231)	$ -0-	$ -0-
Summary of net change in working capital:			
Increase (decrease) in current assets:			
Cash	$ 687	$ -	$ -
Inventory & other assets	-	-	-
	687	-	-
Increase (decrease) in current liabilities:			
Loans payable, bank	-	-	-
Loans payable, other	(5,943)	-	-
Accounts payable and accrued expenses	(1,975)	-	-
	(7,918)	-	-
Increase (decrease) in working capital	$(7,231)	$ -0-	$ -0-

The accompanying Notes are an integral part of this statement.

MARTEL MICRO SYSTEMS, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies:

Basis of presentation:

The Company was incorporated in New York on June 18, 1979 and since that time has been principally engaged in development stage activities, including planning and development of power sensing and control systems for the lodging industry. All costs, including those related to the power sensing and control systems, are expensed as incurred. Currently the Company has not been able to market its product or product line and its financial position shows a negative cash flow and a working capital deficiency.

Since inception, the Company has incurred a net loss accumulated during the development stage of $1,498,760. Consequently, the Company's continued existence is dependent upon the development and installation of a new product or upon future infusions of working capital, neither of which can be ascertained presently.

Merchandise inventory:

Merchandise inventory was priced at the lower of cost (first-in, first-out) or market. As mentioned in the above note, due to the fact of the Company's inability to market its product line, inventory has been written off to show no value at the present time.

Income taxes:

Investment tax credits will be accounted for on the flow-through method.

2. Loans payable and accounts payable:

Loans payable:

Loans payable, in the amount of $21,468 represents direct loans to the Company by Morton Fried, an officer of the Company. To date Mr. Fried has provided the Company with a total of $161,468 in working capital (see Note 4b).

Accounts payable:

Accounts payable totalling $31,984 have shown no evidence of correspondence or attempts at collection by debtors over a period

of five years. The Company therefore wrote this amount off at the period ending October 31, 1989. The writeoff of these outstanding debts are displayed on the Statement of Operations as an Extraordinary Item.

3. Redeemable preferred stock:

On September 15, 1983, 125,000 shares of $1 par value redeemable preferred stock was issued. This stock was issued in consideration for the conversion of notes payable of $110,000 and accrued interest of $15,000 due to the shareholder into preferred stock.

An annual cumulative dividend of 9% of the par value of the issued and outstanding preferred stock is payable commencing December 1, 1984. Before dividends of any kind may be declared upon the common stock or before distributions of any kind may be made upon the common stock, all dividends must be paid on the preferred stock. Annual mandatory redemption of the stock is to be made in four equal installments of $31,250, commencing December 1, 1984. The preferred stock has no voting rights, and upon dissolution takes preference over distributions to shareholders of the common stock. The December 1, 1985, 1986 and 1987 payments were not made as of this date.

4. Shareholder's equity:

a) In connection with a public offering of the Company's stock in December 1983, the Company sold 3,000,000 common shares, par value $.00001, at $.50 a share, and received net proceeds (after deducting expenses of the offering) of $1,243,671.

b) On June 22, 1986 the Company's Board of Directors approved the conversion of loans to the Company in the amount of $140,000 by Morton Fried, an officer of the Company, into 2,800,000 shares of authorized, but unregistered, Common Stock of the Company. The conversion price of $.05 per share represented the fair market value of the Company's unregistered stock at the date of conversion.

5. Income taxes:

At January 31, 1992, the Company had net operating loss carryforwards of approximately $1,498,760 available to reduce future taxable income (if any) expiring in various years through October 31, 2000. Additionally the Company has investment tax credit carryforwards of approximately $2,000 available to reduce future income tax liability (if any) expiring in the year 2000.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial Condition

The Company's present operating capital is being provided by direct loans to the Company by Mr. Fried, an officer of the Company (see Notes 2 and 4b in Notes to Financial Statements). To date Mr. Fried has provided the Company with a total of $161,468 in working capital.

Results of Operations

The Company presently has no significant working capital. The Company is in serious financial difficulty and if a purchaser for the Company is not found or if an infusion of new capital coupled to a new dirction for the Company is not found, the Company will be forced to go out of business.

PART II: OTHER INFORMATION

Item 1: Legal Proceedings

The Company has two trade disputes whose combined liabilities are limited to less than $2,000.

Item 6: Exhibits and Reports on Form 8-K

(b) There were no reports on Form 8-K filed for the three months ended January 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MARTEL MICRO SYSTEMS, INC.
Registrant

Date: March 13, 1992

By _____
Morton Fried
President & Principal Financial Officer